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ABSTRACT

Computer & Communications Industry Association

OPEN MARKETS & INTERNATIONAL TRADE **May 2011**

- *CCIA continues to strongly support open markets and expanded trade. Trade policy should be above partisanship and needs to be debated on its long-term merits. The use of “free” trade agreements to expand IPR regulatory controls beyond consensus norms should be stopped.*

Background: Since CCIA was founded over three decades ago, support for free and open markets has been a core principle of the association. CCIA recognizes that free trade advantages all nations, as they can focus on production of goods and services most suitable to their resources and workforce. Moreover, as the leading export industry of the U.S., the high-tech sector in particular benefits greatly from expanded trade. Since high-tech products and services are high revenue, high wage, produce little waste or pollutants, and drive advanced education and scientific research, a vibrant high-tech sector also benefits our economy generally.

CCIA’s Position: CCIA continues to promote expanded trade and market access for high-tech exports through the abolition of tariffs and non-tariff barriers. CCIA has long believed that comprehensive multilateral negotiations at the WTO should be the forum for expanding free trade. However, with the protracted stalemate of the Doha Round, we acknowledge the value of pursuing bilateral and regional agreements as well.

We have also noticed a disturbing trend in recently negotiated free trade agreements: the inclusion of counterproductive provisions (such as overly broad intellectual property protections) in the name of free trade. Trade agreements are being used to inappropriately and unwisely alter and expand intellectual property protection regimes domestically as well as internationally. Intellectual property regimes need to be balanced and fair to all legitimate stakeholders. Trade agreements should be for facilitating the import and export of products and services, not used as a back door vehicle for the exportation of the details of an IP protection regime that remains domestically controversial. While CCIA reiterates its commitment to free trade, the concerns over these IP provisions must be addressed.

CCIA is deeply concerned that the exploitation of trade as a partisan wedge issue has shattered the bipartisan free trade consensus that had guided the U.S. economy through a period of unprecedented expansion. Support for free trade is not a political decision, but a principled stand that puts the long-term greater good of the nation ahead of short-term political calculation. As such, trade needs to be insulated from politics and partisanship as much as possible. CCIA believes that we must get back to debating and voting on trade agreements according to their own merits, not according to electoral advantage.

For decades, the U.S. has been the standard-bearer in the promotion of free trade and greater access to global markets. If the U.S. is seen as wavering in that fight, it could give other

countries an excuse to engage in the kind of beggar-thy-neighbor, every-country-for-itself actions that worsened and prolonged the Great Depression. For that reason, CCIA opposes the use of Buy American provisions in stimulus and other procurement projects.

Current Issues: The three FTAs left over from the previous administration (Colombia, Panama and South Korea) remain pending. The KORUS FTA is the largest trade agreement to come before Congress since NAFTA, and as part of the U.S.-Korea FTA Business Coalition, CCIA continues to follow its progress closely.

At long last, the deep freeze in which the pending FTAs have been caught for the past few years shows signs of thawing. After reaching agreement last December with Korea on remaining outstanding issues, the Obama Administration has declared its readiness to submit KORUS to Congress. Republicans in Congress have expressed their desire to have all three FTAs submitted and to vote on all three as a package. There is even discussion of delaying consideration of KORUS until Colombia and Panama are also submitted. With the announcement on April 7 that the administration had reached an agreement with Colombia on a plan to address labor rights issues, it is hoped that the Colombia FTA and the Panama FTA can be swiftly submitted and this threat of delay on KORUS rendered moot. It is highly unfortunate that even among those who are calling for approval of the FTAs, there exists such a lack of trust between the parties that a confrontation on the procedure of considering them would arise. We hope that trust can be reestablished so that supporters of trade in both parties can work together to pass these important agreements.

Opponents of trade have been far more vocal in Congress than supporters. Trade has become a scapegoat for the economic anxiety felt by people facing a rapidly changing world. The prevailing view of trade among the public and the media seems to be that exports may be good for the U.S. economy but imports are somehow bad. Yet in this age of global supply chains, especially for the tech industry, imports are just as important as exports. The misconception that a bilateral trade deficit is an evil that must be eliminated needs to be corrected so that public and political support for free trade can be broadened.

The Administration is also in negotiations for the Trans-Pacific Partnership (TPP) Agreement with New Zealand, Singapore, Chile, Peru, Australia, Vietnam, Brunei and Malaysia. We are hopeful that it will result in a gold standard integration agreement without inappropriate expansion of intellectual property rights provisions, and a tangible sign of the U.S. commitment to the Asia-Pacific region.

Finally, CCIA has deep concerns about policies by the Chinese government, such as Internet censorship and Indigenous Innovation procurement requirements, that seek to either restrict access to Chinese markets or force foreign companies to acquiesce to Chinese government demands as the price of access. This strategy of throwing up hurdles that are impossible for foreign companies to clear (whether it be relinquishing intellectual property rights or bowing to Internet censorship demands) discriminates against them by forcing them to eliminate their differences with domestic Chinese competitors. Concerted action between the U.S. government and partners such as the E.U. and Japan have resulted in the Chinese moderating some of their policies, but continued multilateral vigilance is needed to convince China that access to its markets is not a coin that enables them to buy their way out of playing by the global trading system rules.